

**PRESS RELEASE****Financial Results: Quarter 4 & FY 2022-23, Standalone & Consolidated Results**

**Mumbai, April 28, 2023:** The Board of Directors of Mahindra & Mahindra Financial Services Limited (Mahindra Finance), a leading provider of financial services in the rural and semi-urban markets, at its meeting held today, announced the audited financial results for the year ended March 31, 2023.

**Standalone:**

**Disbursement: Q4 growth 50% YoY; Annual growth 80% YoY - 1 million contracts financed**

**Loan Book - Rs. 82,770 Crores; YoY growth of 27%; sequential growth of 7%**

**Gross Stage 3 (GS 3) at 4.5%; Net Stage 3 at 1.9% (PCR of 59.5%)**

**Revenue at Rs. 3,057 Crores (24% YoY growth); Annual Revenue touched Rs. 11,056 Crores**

**FY23 PAT at Rs. 1,984 Crores (101% YoY growth) (RoA of 2.3%)**

**Proposed dividend of Rs. 6.00 (300%) per share – dividend pay-out ratio of 37%**

**FY 2023 Q4 Standalone Results - Key Highlights:**

- Disbursement for the quarter at Rs. 13,778 Crores was up 50% on YoY basis. Consequently, the Loan Book increased by 27% to Rs. 82,770 Crores on YoY basis.
- Total Income was at Rs. 3,057 Crores, up 24% YoY. Net Interest Margin for the quarter was at 7.4%; Net Interest Income (NII) at Rs. 1,723 Crores was up 13% YoY.
- GS-3 improved to 4.5% from 5.9% in Q3 FY23, supported by focused collection initiatives and macro tailwinds. Provision coverage on Stage-3 loans was maintained at 59.5%.
- The Company reported Profit after Tax (PAT) of Rs. 684 Crores for the quarter, a growth of 14% YoY. FY23 PAT was at Rs. 1,984 Crores vs Rs. 989 Crores in FY22, a growth of 101%.
- The Company's Capital Adequacy was healthy at 22.5%.
- As at March end, the Company carried a total liquidity buffer of approximately Rs. 10,400 Crores - covering more than 3 months' obligations.

## **FY 2023 Standalone Results:**

The annual disbursement of Rs. 49,541 Crores registered a growth of 80%.

Total Income grew by 14% to Rs. 11,056 Crores, as against Rs. 9,719 Crores last year. The Profit after tax was reported at Rs. 1,984 Crores, as against Rs. 989 Crores last year, a growth of 101%.

During the year ended March 31, 2023, the Company has made a provision (considered as Exceptional Item) of Rs. 55 Crores towards impairment of investment in its subsidiary in Sri Lanka, Mahindra Ideal Finance Limited based on an assessment of the evolving macro-economic crisis and its effect on currency devaluation. This provision was made during Q2 FY23.

## **Dividend:**

The Board has recommended a dividend of Rs. 6.00 per share on equity share of Rs.2/- each, i.e. 300%, subject to the approval of the Members at the ensuing 33<sup>rd</sup> Annual General Meeting of the Company. This translates to a dividend pay-out ratio of 37% for FY23 (FY22: 45%).

## **Consolidated:**

### **FY 2023 Q4 Consolidated Results:**

Total Income increased by 22% to Rs. 3,536 Crores for the quarter, as against Rs. 2,897 Crores for the corresponding quarter last year. The Profit After Tax (PAT) at Rs. 675 Crores was up 7% compared to Rs. 629 Crores for the corresponding quarter last year.

### **FY 2023 Consolidated Results:**

Total Income increased by 13% to Rs. 12,832 Crores as against Rs. 11,401 Crores last year. The Profit after tax at Rs. 2,071 Crores grew 80% over last year which reported a Profit after Tax of Rs. 1,150 Crores.

During the year ended March 31, 2023, the Company has made a provision (considered as Exceptional Item) of Rs. 56 Crores towards impairment of assets pertaining to its subsidiary in Sri Lanka, Mahindra Ideal Finance Limited (MIFL) based on an assessment of the evolving economic crisis and its effect on currency devaluation. During the corresponding period last year, the Company increased its shareholding in MIFL from 38.2% to 58.2%. This stake increase had resulted in revaluation of its existing equity stake in MIFL, which led to a one-time revaluation gain of Rs. 21 Crores, which is shown as Exceptional Item in the FY22 consolidated financials.

## **Operations**

During the year under review, the Company's leadership position strengthened across Tractor, Mahindra Auto & non-Mahindra vehicle segments. It also attained leadership position in the pre-owned car segment during the quarter. A robust growth across established vehicle segments and a steady scale-up in nascent business of SME enabled us to clock our highest ever annual disbursements at Rs. 49,541 Crores. The twin strategy to grow mass-affluent category (improve asset-quality) and scale pre-owned asset book (improve margins) is progressing well.

SME asset book, which is now upwards of Rs. 4,400 Crores, has grown 10% sequentially and contributes over 5% of the total Business Assets.

Healthy disbursements during the year have helped grow the book - Rs. 82,770 crores, a growth of 27% YoY and 7% sequentially over Q3FY23. The Company was able to partially offset the cost of fresh borrowing by increasing the yields on current disbursements. This helped us in protecting net interest margins.

During the quarter, the Company announced 2 strategic partnerships:

- Launch of 'Used Car Digi Loans' in partnership with Car&Bike and Rupy and
- Co-origination with Bank of Baroda

These two alliances are expected to improve penetration in digital eco-system for pre-owned vehicles and premium commercial & passenger vehicle segment respectively.

Collection war-room efforts and deployment of various legal tool-kits to fast-track loan recovery ensured that the Company delivers a Collection Efficiency of 99% for Q4 FY23. Consequently, the asset quality improved further during the quarter with Stage 3 and Stage 2 assets at 4.5% (vs. 5.9% in Q3FY23) and 6.0% (vs. 8.4% in Q3FY23) respectively. During the quarter, the Company also cured restructured assets aggregating to Rs. 539 Crore. The gap between IRACP NPA and Gross Stage 3 (as on March 31, 2023) stood at Rs. 1,184 crores. We expect this gap to remain range-bound in the coming quarters.

The Company continued to invest in various technology, digital & process initiatives as part of its transformation project. These initiatives have progressed well during the quarter.

## **Outlook**

The macro-economy tailwinds should help the sector and the Company to continue its growth journey. The Company will focus on protecting and growing its market shares in vehicle segments – both new and pre-owned. Recent partnerships as mentioned above are expected to aid company improve its penetration in respective segments. In SME, the Company will continue its focus on business loans & LAP for micro and small industry segments and vendor bill discounting. In Leasing, the focus on new customer acquisition will further accelerate.

## **Subsidiaries**

### **Mahindra Rural Housing Finance Limited (MRHFL)**

Total Income increased by 7% to Rs. 355 Crores for the quarter, as against Rs. 330 Crores for the corresponding quarter last year. The Loss (after tax) was at Rs. 26 Crores against Loss (after tax) of Rs. 0.5 Crores during the corresponding quarter last year.

Total Income declined by 2% to Rs. 1,350 Crores during the current financial year as against Rs. 1,377 Crores last year. The Profit after tax at Rs. 22 Crores declined 54% over last year which reported a Profit after Tax of Rs. 48 Crores.

The GS-3 and NS-3 as at March end were reported at 10.5% and 7.8% compared to 11.3% and 8.5% respectively as at March end last year.

### **Mahindra Insurance Brokers Limited (MIBL)**

Total Income increased by 6% to Rs. 121 Crores for the quarter, as against Rs. 114 Crores for the corresponding quarter last year. The Profit after Tax was at Rs. 13 Crores against Rs. 21 Crores during the corresponding quarter last year, a decline of 38%.

Total Income increased by 23% to Rs. 427 Crores during the current financial year as against Rs. 348 Crores last year. The Profit after tax at Rs. 34 Crores declined 34% over last year which reported a Profit after Tax of Rs. 52 Crores.

### **Mahindra Manulife Investment Management Private Limited (MMIMPL)**

Total Income was reported at Rs. 14 Crores for the quarter, as against Rs. 9 Crores for the corresponding quarter last year. The Loss (after Tax) was at Rs. 5 Crores as against Loss (after tax) of Rs. 13 Crores during the corresponding quarter last year.

Total income was reported at Rs. 44 Crores during the current financial year as compared to Rs. 35 Crores last year. The Loss (after tax) for the year was at Rs. 31 Crores compared to a Loss (after tax) of Rs. 38 Crores during last previous year.

The Average Assets under Management (AUM) of MMIMPL for the quarter end March 2023 were reported at Rs. 9,821 Crores across 20 schemes, a YoY growth of 12%. Equity assets comprised 84% of the AUM compared to 66% last year.

### **Mahindra Manulife Trustee Private Limited (MMTPL)**

Total income was reported at of Rs. 0.1 Crore for the quarter compared to Rs. 0.2 Crore during the corresponding quarter last year. The company was at a no profit / no loss position during the current year quarter compared to a profit of Rs. 0.1 Crore during the same period previous year.

During the financial year, MMTPL earned total income of Rs. 0.8 Crore and posted a profit of Rs. 0.2 Crore maintaining the same level as in the previous year.

### **Mahindra Ideal Finance Limited (MIFL)**

During the 4th quarter, the macro environment stabilized a bit, with exchange rate improving and interest rates showing early signs of easing. MIFL registered income at LKR 576 Million as against LKR 427 Million during the corresponding quarter last year, registering a growth of 35% over the same period previous year. The Profit After Tax during the quarter was LKR 40 Million as against LKR 44 Million during the corresponding quarter last year, a de-growth of 10%.

During the financial year ended March 31, 2023, MIFL registered income at LKR 1924 Million as against LKR 1322 Million during the corresponding period last year, registering a growth of 46%. The Profit After Tax (PAT) during the financial year ended March 31, 2023, was LKR 87 Million as against LKR 239 Million during the corresponding period last year, a de-growth of 64%.

### **Mahindra Finance USA (MFUSA)**

During the quarter ended March 31, 2023, MFUSA registered income at USD 18 Million as against USD 14 Million during the corresponding quarter last year, registering a growth of 29%. The Profit After Tax registered was USD 3.7 Million as against Profit after tax of USD 3.4 Million during the corresponding quarter last year, registering a growth of 9%.

During the financial year ended March 31, 2023, MFUSA registered income at USD 64.8 Million as against USD 57.4 Million, registering a growth of 13%. The Profit After Tax registered was USD 15 Million as against USD 17.4 Million, a decline of 14% over the same period previous year.

\* LKR Closing Exchange Rate: 1 LKR = 0.25 INR; USD Closing Exchange Rate: 1 USD = 82.19 INR

## About Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (Mahindra Finance), part of the Mahindra Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector, the Company has over 9 million customers and has an AUM of over USD 11 Billion. The Company is a leading vehicle and tractor financier, provides loans to SMEs and also offers fixed deposits. The Company has 1,386 offices and reaches out to customers spread over 3,80,000 villages and 7,000 towns across the country.

Mahindra Finance has been ranked 54th among India's Best Companies to Work 2021 by Great Place to Work Institute.

Mahindra Insurance Brokers Limited (MIBL), the Company's Insurance Broking subsidiary is a licensed Composite Broker providing Direct and Reinsurance broking services.

Mahindra Rural Housing Finance Limited (MRHFL) a subsidiary of Mahindra Finance provides loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country.

Mahindra Finance CSR Foundation is a wholly owned subsidiary company, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) acts as the Investment Manager of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund).

Mahindra Manulife Trustee Private Limited (MMTPL), (formerly known as Mahindra Trustee Company Private Limited) acts as a Trustee to Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund).

Mahindra Ideal Finance Limited (MIFL) is a subsidiary of the Company in Sri Lanka, in which the Company owns 58.2% stake. MIFL focuses on providing a diversified suite of financial services to the Sri Lankan market.

The Company has a Joint Venture in the US, Mahindra Finance USA LLC, in partnership with De Lage Landen, a subsidiary of Rabo Bank, for financing Mahindra vehicles in the US.

Learn more about Mahindra Finance on [www.mahindrafinance.com](http://www.mahindrafinance.com) / Twitter and Facebook:  
@MahindraFin

## **About Mahindra**

Founded in 1945, the Mahindra Group is one of the largest and most admired multinational federation of companies with 260,000 employees in over 100 countries. It enjoys a leadership position in farm equipment, utility vehicles, information technology and financial services in India and is the world's largest tractor company by volume. It has a strong presence in renewable energy, agriculture, logistics, hospitality and real estate.

The Mahindra Group has a clear focus on leading ESG globally, enabling rural prosperity and enhancing urban living, with a goal to drive positive change in the lives of communities and stakeholders to enable them to Rise.

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